MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION

Manitoba
Agriculture

Annual Report 1984-85

Manitoba Agricultural Credit Corporation

Manitoba

Minister of Agriculture

Room 165
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

To Her Honour
Pearl McGonigal
Lieutenant-Governor for the Province of Manitoba

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Agricultural Credit Corporation for the period April 1, 1984 to March 31, 1985.

Your obedient servant,

Bill Uruski
Minister of Agriculture

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Manitoba
Agriculture

Honourable Bill Uruski
Minister of Agriculture
165 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Uruski:

I have the honour to submit herewith the Annual Report of The Manitoba Agricultural Credit Corporation and the Financial Statements for the fiscal year ending March 31, 1985.

Yours respectfully,

L. Harapiak

Leonard Harapiak
Chairman
Manitoba Agricultural
Credit Corporation

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The Manitoba Agricultural Credit Corporation

Board of Directors

Leonard Harapiak	Chairman
Hazel Allan	Vice-Chairwoman
Henry Reske	Board Member
Lawrence Bell	Board Member
Hubert Sinclair	Board Member
Patricia Barry	Secretary

Officers

Neil A. Potter	General Manager
J.David Bilsland	Director, Finance and Administration
Douglas A. Parnell	Director, Credit Administration
Edwin R. Poore	Director, Program Planning, Development and Evaluation
Albert W. Todosichuk	Director, Field Operations
Oli P. Josephson	Director, Fisherman's Loans

Financing of the Corporation

Since its first year of operation in 1959, the Corporation has borrowed its capital from the Province of Manitoba. The capital funds remained with the Corporation to be re-used for lending purposes and the interest on this capital was paid annually to the Province.

Commencing in 1977, arrangements were made to repay capital advances together with interest charges over an amortized period consistent with the term over which these monies were loaned.

Statement of Revenue and Expenditure

The net costs of operation of the Corporation were $7.824 million in the year under review compared to $5.295 million in the previous year, the increase being primarily due to bad debt and guaranteed loan loss expenditures. To offset these costs, the Province of Manitoba via the appropriations of the Department of Agriculture contributed the full costs of operation for 1984-85 of $7.824 million and a significant portion ($4.994 million) of the 1983-84 costs. These contributions resulted in a break-even position for 1984-85 compared with an excess of expenditure over revenue of $ .301 million in 1983-84.

In the Fish Program, the Province covers the administration costs and net interest costs of the Fisherman's Loan Program. These costs were $380,000 compared to $345,000 the previous year. The increase is primarily due to interest costs on increased advances from the Province of Manitoba.

Operations Review

Active M.A.C.C. Accounts
as at March 31, 1985

1. Direct Loan Accounts	5781
2. Mortgage Purchase Accounts	294
3. Corporate and Co-operative Loan Accounts	27
4. Crown Land Purchase Accounts	139
5. Stocker Accounts	116
6. Manitoba Beef Stabilization Accounts	335
7. Manitoba Interest Rate Relief Accounts	1248
8. Beef Producers Income Assistance Accounts	60
9. Guaranteed Loan Accounts	753
10. Long Term Lease Accounts	91
11. Short Term Lease Accounts	24
12. Farm Diversification Loan Accounts	617
13. Emergency Fodder Loan Accounts	3
14. Livestock Grant Accounts	16
15. Fisherman's Loan Accounts	1191
Total:	10,695

Loan Activity

During the 1984-85 fiscal year, the Corporation's agricultural activities totalled $74.4 million, an increase of $3.7 million over the previous year.

The most significant increases were in Corporate Loans ($.7 million), Stocker Loans ($1.0 million), Manitoba Beef Stabilization Loans ($.6 million), and Guaranteed Operating Loans ($11.7 million). Major decreases were in Direct Loans ($9.0 million) and the Manitoba Interest Rate Relief Program ($.8 million)

Fisherman's Loans for the year totalled $2.3 million, an increase of $.2 million from the previous year. This increase was primarily due to the increase in the dollar value of the loans. In 1984-85, 926 loans were made compared to 953 in 1983-84.

During the 1984-85 fiscal year, an interest rate reduction program was undertaken by the Corporation which reduced the Corporation's effective lending rate on interest charges to 8% on direct, corporate and farm diversification program loans.

Interest Rate Reduction Program (8%)

To effectively reduce interest costs to clients during the 1984-85 fiscal year, the Minister of Agriculture established the 8% reduction program to apply to interest charges processed to client accounts for that year.

Total cost of this program, which was separately funded by the Department of Agriculture, was $4.7 million of which $3.0 million was refunded to 2250 clients by cheque and $1.7 million was credited to 1008 client loan accounts.

Direct Loans

Since its inception in July of 1978, the current Direct Loan Program has generated a loan volume of $165.2 million with $90.7 million of this amount used for land purchases.

Of the $23.2 million approved in direct loans during 1984-85, 53% was used to purchase land, 35% for consolidation of debts, 6% for permanent improvements to land and buildings, and the remaining 6% for equipment, livestock and other purposes. Young farmers were recipients of 89% of the proceeds of direct loans.

Corporate and Co-operative Loans

During the year under review, three performance bond guarantees were renewed in the amount of $279,000.

Stocker Program

The Stocker Program was designed to provide cattle inventory financing to qualified livestock producers, and was introduced by the Corporation on July 9, 1975. During the year, there were 90 loan approvals totalling $2,264,982 for the purchase of 5300 head of cattle. From inception of the program to March 31, 1985, a total of 736 applications have been approved for 40,157 head of cattle with a value of $12,395,569.

Crown Land Loans

During 1980-81, the program was introduced to provide mortgage money to lessees of Crown Lands to purchase the leased land. During 1984-85, 10 loans were approved in the amount of $100,852. Total volume under this program is 129 loans for $1,783,694.

Manitoba Beef Stabilization and Marketing Plan Loans

This program was introduced October 17, 1982 to provide financing for farmers who desire to raise their calves to a stocker or slaughter weight. Financing is available in the form of cash advances, custom feeding loans and loans for facility and production improvements.

During the year, 249 loans were approved in the amount of $3,991,872. Total loans approved under this program to date is 577 for $8,962,272.

Manitoba Interest Rate Relief Program

The program was introduced February 15, 1982 to provide direct assistance for Manitoba farmers in difficulty due to high interest rates and to provide financial counselling through Manitoba Agriculture.

During 1984-85, 640 applications were approved under this program. First year payments of $1,129,717 were made to 199 clients and second year payments of $2,530,742 were made to 441 clients. As at March 31, 1985, payments under the program totalled $10,926,973.

Beef Producers Income Assurance Loans

During 1980-81, this program was introduced to make possible termination of the Manitoba Beef Producers Income Assurance Plan agreements by those producers who wished to terminate their contracts but did not have the money available to pay them out.

Since inception of the program, 83 loans totalling $115,481 have been approved.

Guaranteed Loans

The Specific Comprehensive Guaranteed Loans Program enables the Corporation to fully indemnify the S.C.G.L. lender from loss after all loan security has been liquidated and all other loan conditions have been complied with.

During the year, no loans were approved under this program. As at March 31, 1985, the total activity under this program was 31 loans for $2,124,061. Claims paid during 1984-85 totalled $22,958.

The Corporation's contingent liability under this program was $1,272,296 as at March 31, 1985.

Under the 10% Cumulative Guarantee Program, the Corporation guarantees each lender's loss to a maximum of 10% of the total loans approved during specific time periods.

During the year, no new loans were approved. The Corporation's contingent liability on outstanding loans under this program amounts to $215,721 as at March 31, 1985. In addition, seven claims on guarantees totalling $273,461 were paid by the Corporation, bringing the total payments under the 10% Cumulative Guarantee Program to $676,744.

Effective April 1, 1983, a new Guaranteed Operating Loan Program was introduced. Under this program, the Corporation guarantees 12-1/2% of the aggregate total guaranteed to each participating lending institution. The program carries a maximum of $125,000 per loan and $100,000,000 aggregate total to all participating lending institutions.

During the year, 683 loans totalling $39,788,100 were approved. The Corporation's contingent liability as at March 31, 1985 on outstanding loans was $4,299,685. Claims paid or pending under this program totalled $1,344,058 during 1984-85.

Land Lease Program

On October 16, 1977, the Corporation discontinued accepting applications for the sale of land to the Corporation for leasing purposes. Under the program, the Corporation had acquired a total of 223,600 acres at a cost of $22.6 million.

During 1984-85, eight sales were made to lessees under the terms of the purchase option clause in the lease agreement. Four of these sales were to clients who have obtained, or are in the process of obtaining financing, from outside sources. The balance was financed by the Corporation.

Fisherman's Loans

During the year the Corporation approved 926 loans totalling $2,322,464. Total loans approved since inception of the program is $20,423,114.

To date, the Fisherman's Loan Program has been used by 2399 clients. Since a high percentage of these fishermen (approximately 93% in 1984-85 and 86% in 1983-84) are returning for supplemental loans every one to two years, it appears that they are making use of this program for their revolving credit needs for capital purchases.

Fisherman's Loan Approvals — Total Province

For Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85
Number	1022	1048	1065	953	926
$ Amount	2,002,626	2,506,127	2,525,364	2,113,559	2,322,464

M.A.C.C. Summary of Activity

(Compared With Previous Fiscal Year)

	1984-85		1983-84	
	Number	Amount	Number	Amount
Direct Loans	407	$23,160,118	485	$32,177,636
Corporate & Co-operative Loans	3	699,974	—	(48,070)
Stocker Loans	90	2,264,982	51	1,313,425
Crown Land Loans	10	100,852	30	332,067
Manitoba Beef Stabilization Loans	249	3,991,872	232	3,378,800
Manitoba Interest Rate Relief				
Loans — 1st year payments	199	1,129,717	499	2,928,736
— 2nd year payments	441	2,530,742	281	1,534,807
TOTAL	1399	$33,878,257	1578	$41,617,401
Guaranteed Loans	683	39,788,100	501	28,036,700
Land Sales	8	710,951	18	1,041,311
TOTAL	2090	$74,377,308	2097	$70,695,412
Fisherman's Loans				
— Administered by M.A.C.C.				
for Department of Natural Resources	926	2,322,464	953	2,113,559
TOTAL	3016	$76,699,772	3050	$72,808,971

Table I

Approved Direct Loans by Purposes

Percentage Comparison

For the Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85	
	%	%	%	%	%	Amount
Purchase of Land by Borrower	74	61	13	41	53	$12,331,370
Permanent Improvements, Buildings	7	8	12	8	6	1,446,498
Permanent Improvements, Land	—	1	1	—	—	55,424
Consolidation of Debts	12	22	60	45	35	8,006,239
Purchase of Livestock	5	6	10	4	4	892,343
Purchase of Equipment	1	1	2	1	1	181,750
Other Purposes	1	1	2	1	1	246,494
Total:	100	100	100	100	100	$23,160,118

Table II

Approved Agricultural Loans by Age Groups

For the Five Years Ended March 31, 1985

	* Young Farmers					Others					Totals				
	1980-81	1981-82	1982-83	1983-84	1984-85	1980-81	1981-82	1982-83	1983-84	1984-85	1980-81	1981-82	1982-83	1983-84	1984-85
New Loans															
Number	350	428	144	327	276	5	22	25	26	24	355	450	169	353	300
%	99%	95%	85%	93%	92%	1%	5%	15%	7%	8%					
$ Amount	23,054,685	28,125,639	9,385,373	23,905,674	17,349,111	312,630	1,276,366	2,184,241	1,787,261	1,716,636	23,367,315	29,402,005	11,569,614	25,692,935	19,065,747
%	99%	96%	81%	93%	91%	1%	4%	19%	7%	9%					
Average	65,871	65,714	65,176	73,106	62,859	62,526	58,017	87,369	68,740	71,526	65,823	65,338	68,459	72,784	63,552
Additional Loans															
Number	68	121	113	113	90	7	7	17	19	17	75	128	130	132	107
%	91%	95%	87%	86%	84%	9%	5%	13%	14%	16%					
$ Amount	2,342,102	6,292,188	4,411,402	5,428,132	3,214,932	178,103	248,050	832,306	1,056,569	879,439	2,520,205	6,540,238	5,243,708	6,484,701	4,094,371
%	93%	96%	84%	84%	79%	7%	4%	16%	16%	21%					
Average	34,442	52,002	39,039	48,036	35,721	25,443	35,436	48,959	55,608	51,731	33,602	51,096	40,336	49,126	38,266
Total															
Number	418	549	257	440	366	12	29	42	45	41	430	578	299	485	407
%	97%	95%	86%	91%	90%	3%	5%	14%	9%	10%					
$ Amount	25,396,787	34,417,827	13,796,775	29,333,806	20,564,043	490,733	1,524,416	3,016,547	2,843,830	2,596,075	25,887,520	35,942,243	16,813,322	32,177,636	23,160,118
%	98%	96%	82%	91%	89%	2%	4%	18%	9%	11%					
Average	60,758	62,692	53,683	66,667	56,186	40,894	52,566	71,822	63,196	63,319	60,204	62,184	56,231	66,345	56,905

** Young Farmers are those 18 to 39 years of age.*

Table III

Summary of Programs

For the Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85
DIRECT LOANS					
No.	430	578	299	485	407
$ Amount	25,887,520	35,942,243	16,813,322	32,177,636	23,160,118
CORPORATE LOANS					
No.	1	3	2	—	3
$ Amount	50,400	611,808	680 `30	(48,070)	699,974
CROWN LAND LOANS					
No.	21	70	(2)	30	10
$ Amount	364,419	1,001,836	(15,480)	332,067	100,852
STOCKER LOANS					
No.	25	13	52	51	90
$ Amount	590,365	293,002	1,101,448	1,313,425	2,264,982
MAN. BEEF STABILIZATION LOANS					
No.	—	—	96	232	249
$ Amount	—	—	1,591,600	3,378,800	3,991,872
MAN. INTEREST RATE RELIEF LOANS					
1st Yr. No.	—	—	513	499	199
$ Amount	—	—	2,802,971	2,928,736	1,129,717
2nd Yr. No.	—	—	—	281	441
$ Amount	—	—	—	1,534,807	2,530,742
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	78	7	(2)	—	—
$ Amount	105,713	12,783	(3,015)	—	—
GUARANTEED LOANS					
— Farm Production					
No.	56	100	123	6	—
$ Amount	1,756,800	3,660,500	4,223,500	132,000	—
— S.C.G.L.					
No.	25	3	1	—	—
$ Amount	1,622,400	178,400	60,000	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	444	307
$ Amount	—	—	—	24,356,700	15,011,900
Repeat Approvals					
No.	—	—	—	51	376
$ Amount	—	—	—	3,548,000	24,776,200
LAND SALES					
No.	86	36	9	18	8
$ Amount	4,777,599	1,963,501	318,928	1,041,131	710,951
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	400	—
TOTAL					
No.	722	810	1,091	2,097	2,090
$ Amount	35,155,216	43,664,073	27,573,304	70,695,632	74,377,308

Table IV

Summary of Programs

Interlake Region

For the Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85
DIRECT LOANS					
No.	52	85	48	64	54
$ Amount	2,740,731	4,544,279	2,677,780	3,482,349	2,904,016
CORPORATE LOANS					
No.	—	—	—	—	—
$ Amount	—	—	—	—	
CROWN LAND LOANS					
No.	13	36	(1)	9	3
$ Amount	237,453	519,997	(5,940)	99,285	31,722
STOCKER LOANS					
No.	1	1	2	3	5
$ Amount	45,000	(5,300)	28,549	61,600	179,882
MAN. BEEF STABILIZATION LOANS					
No.	—	—	21	46	40
$ Amount	—	—	304,600	592,800	767,400
MAN INTEREST RATE RELIEF LOANS					
No.	—	—	86	173	147
$ Amount	—	—	463,222	967,759	811,326
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	9	7	(1)	—	—
$ Amount	14,983	13,219	(2,599)	—	—
GUARANTEED LOANS					
— Farm Production					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
— S.C.G.L.					
No.	2	—	—	—	—
$ Amount	120,000	(30,000)	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	29	16
$ Amount	—	—	—	1,389,000	526,000
Repeat Approvals					
No.	—	—	—	2	24
$ Amount	—	—	—	145,000	1,617,000
LAND SALES					
No.	11	—	1	7	—
$ Amount	470,161	84,127	32,665	182,314	—
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	400	—
TOTAL					
No.	88	129	156	333	289
$ Amount	3,628,328	5,126,322	3,498,277	6,920,507	6,837,346

Table V

Summary of Programs

Eastern Region

For the Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85
DIRECT LOANS					
No.	50	54	42	37	38
$ Amount	3,181,879	4,156,243	2,980,784	2,438,003	2,594,942
CORPORATE LOANS					
No.	—	2	1	(1)	2
$ Amount	—	161,670	150,000	(150,000)	265,000
CROWN LAND LOANS					
No.	2	14	—	6	3
$ Amount	53,316	260,766	—	73,525	29,400
STOCKER LOANS					
No.	(1)	(1)	—	—	6
$ Amount	(2,600)	47,000	(55,800)	—	169,014
MAN. BEEF STABILIZATION LOANS					
No.	—	—	4	14	18
$ Amount	—	—	116,900	138,700	295,940
MAN. INTEREST RATE RELIEF LOANS					
No.	—	—	63	71	38
$ Amount	—	—	346,404	409,901	228,020
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	11	—	(1)	—	—
$ Amount	12,286	—	(416)	—	—
GUARANTEED LOANS					
— Farm Production					
No.	—	5	5	1	—
$ Amount	—	141,000	90,000	20,000	—
— S.C.G.L.					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	29	9
$ Amount	—	—	—	1,436,200	403,600
Repeat Approvals					
No.	—	—	—	—	20
$ Amount	—	—	—	—	1,271,200
LAND SALES					
No.	7	4	—	2	2
$ Amount	459,361	97,214	—	102,100	135,664
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
TOTAL					
No.	69	78	114	159	136
$ Amount	3,704,242	4,863,893	3,627,872	4,468,429	5,392,780

Table VI

Summary of Programs

Central Region

For the Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85
DIRECT LOANS					
No.	85	85	39	93	62
$ Amount	5,993,099	6,069,932	1,804,924	6,411,473	3,187,556
CORPORATE LOANS					
No.	—	1	1	—	1
$ Amount	—	450,138	530,030	38,930	183,859
CROWN LAND LOANS					
No.	1	1	—	—	—
$ Amount	11,848	6,120	—	—	—
STOCKER LOANS					
No.	4	—	13	12	14
$ Amount	76,100	11,500	286,343	330,303	399,994
MAN. BEEF STABILIZATION LOANS					
No.	—	—	19	44	49
$ Amount	—	—	324,200	686,700	686,940
MAN. INTEREST RATE RELIEF LOANS					
No.	—	—	92	216	184
$ Amount	—	—	510,125	1,256,141	1,057,147
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	9	—	—	—	—
$ Amount	13,115	—	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	2	12	17	—	—
$ Amount	55,000	620,000	796,000	—	—
— S.C.G.L.					
No.	4	2	—	—	—
$ Amount	289,500	155,000	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	135	59
$ Amount	—	—	—	8,870,000	3,855,000
Repeat Approvals					
No.	—	—	—	15	107
$ Amount	—	—	—	1,323,000	8,784,000
LAND SALES					
No.	9	2	2	1	1
$ Amount	689,613	167,662	116,470	40,000	163,400
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
TOTAL					
No.	114	103	183	516	477
$ Amount	7,128,275	7,480,352	4,368,092	18,956,547	18,317,896

Table VII

Summary of Programs

South Western Region

For the Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85
DIRECT LOANS					
No.	174	237	117	204	173
$ Amount	10,148,413	14,890,989	6,983,215	15,064,880	10,333,278
CORPORATE LOANS					
No.	1	—	—	1	(1)
$ Amount	50,400	—	—	63,000	(63,000)
CROWN LAND LOANS					
No.	—	1	—	1	—
$ Amount	—	25,470	—	21,070	—
STOCKER LOANS					
No.	16	(1)	29	30	40
$ Amount	326,550	(20,600)	553,705	777,622	954,177
MAN. BEEF STABILIZATION LOANS					
No.	—	—	25	59	71
$ Amount	—	—	387,000	937,600	1,209,452
MAN. INTEREST RATE RELIEF LOANS					
No.	—	—	148	148	102
$ Amount	—	—	835,044	857,664	635,360
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	17	1	—	—	—
$ Amount	23,315	1,221	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	42	73	92	5	—
$ Amount	1,337,950	2,623,000	3,066,500	112,000	—
— S.C.G.L.					
No.	9	1	1	—	—
$ Amount	587,400	55,400	60,000	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	176	136
$ Amount	—	—	—	9,241,000	6,647,000
Repeat Approvals					
No.	—	—	—	25	151
$ Amount	—	—	—	1,540,000	8,846,500
LAND SALES					
No.	26	11	3	5	2
$ Amount	1,971,113	854,351	96,072	533,017	147,250
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
Total					
No.	285	323	415	654	674
$ Amount	14,445,141	18,429,831	11,981,536	29,147,853	28,710,017

Table VIII

Summary of Programs

North Western Region

For the Five Years Ended March 31, 1985

	1980-81	1981-82	1982-83	1983-84	1984-85
DIRECT LOANS					
No.	69	117	53	87	80
$ Amount	3,823,398	6,280,800	2,366,619	4,780,931	4,140,326
CORPORATE LOANS					
No.	—	—	—	—	1
$ Amount	—	—	—	—	314,115
CROWN LAND LOANS					
No.	5	18	(1)	14	4
$ Amount	61,802	189,483	(9,540)	138,187	39,730
STOCKER LOANS					
No.	5	14	8	6	25
$ Amount	145,315	260,402	288,651	143,900	561,915
MAN. BEEF STABILIZATION LOANS					
No.	—	—	27	69	71
$ Amount	—	—	458,900	1,023,000	1,032,140
MAN. INTEREST RATE RELIEF LOANS					
No.	—	—	124	172	169
$ Amount	—	—	648,176	972,078	928,606
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	32	(1)	—	—	—
$ Amount	42,014	(1,657)	—	—	—
GUARANTEED LOANS					
— Farm Production					
No.	12	10	9	—	—
$ Amount	363,850	276,500	271,000	—	—
— S.C.G.L.					
No.	10	—	—	—	—
$ Amount	625,500	(2,000)	—	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	75	87
$ Amount	—	—	—	3,420,500	3,580,300
Repeat Approvals					
No.	—	—	—	9	74
$ Amount	—	—	—	540,000	4,257,500
LAND SALES					
No.	33	19	3	3	3
$ Amount	1,187,351	760,147	73,721	183,700	264,637
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
TOTAL					
No.	166	177	223	435	514
$ Amount	6,249,230	7,763,675	4,097,527	11,202,296	15,119,269

Manitoba

Office of the Provincial Auditor Report

The Manitoba Agricultural Credit Corporation

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1985. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Fred H. Jackson

June 20, 1985
Winnipeg, Manitoba

F.H. Jackson, C.A.,
Provincial Auditor

Exhibit A
The Manitoba Agricultural Credit Corporation

Balance Sheet

as at March 31, 1985 (with 1984 figures for comparison)

Assets			Liabilities		
The Agricultural Credit Corporation Act					
	1985	**1984**		**1985**	**1984**
Cash:					
On hand and in bank	$ —	$ 26,418	Excess of outstanding cheques over bank balance	$ 124,679	$ —
On deposit with the Minister of Finance	2,977,919	1,981,555			
	2,977,919	2,007,973	Accounts payable:		
Accounts receivable:			The Province of Manitoba	660,122	617,069
Rent	263,138	313,749	Other	2,071,924	1,616,522
Sale of real estate	169	340,573		2,856,725	2,233,591
Conditional incentive grants and accrued interest	35,728	65,997			
Other	11,477	5,990			
	310,512	726,309			
Stocker program advances receivable (Note 3)	1,683,103	920,861	Advances from the Province of Manitoba (Note 9 a))	207,705,884	192,316,792
Mortgages, chattels and agreements for sale receivable (Note 4)	195,738,672	181,289,583	Reserve for Working Capital:		
Promissory notes receivable (Note 5)	1,458,270	2,202,373	Balance at beginning of year	2,902,389	3,203,705
Security agreements receivable (Note 6)	3,424,134	3,251,227	Less: Excess of expenditure over revenue, Exhibit B	—	301,316
Real estate (Note 8)	7,803,946	6,979,638			
Unamortized debt discount and expense	68,442	74,808	Balance at end of year	2,902,389	2,902,389
	213,464,998	197,452,772		213,464,998	197,452,772
Part III of The Fisheries Act					
Cash on deposit with the Minister of Finance	300,913	43,170	Accounts payable	653	—
Prepaid expenses	932	817			
Loans receivable, less allowance for doubtful accounts of $280,223 (1984 — $240,102)	3,227,097	3,280,802	Advances from the Province of Manitoba (Note 9 b))	3,500,000	3,300,000
Chattels acquired by voluntary quit claim, at foreclosed value less recoveries	—	3,500	Reserve for Working Capital:		
			Balance at beginning and end of year	28,289	28,289
	3,528,942	3,328,289		3,528,942	3,328,289
	$ 216,993,940	$ 200,781,061		$ 216,993,940	$ 200,781,061

Approved on behalf of the Board

Director

Director

Exhibit B
The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Revenue and Expenditure

for the year ended March 31, 1985 (with 1984 figures for comparison)

	1985	1984
Revenue:		
Interest:		
Mortgages, chattels and agreements for sale	$19,653,067	$16,361,265
Interest rate reduction program	—	1,604,340
Promissory notes	314,130	394,871
Stocker program	158,964	129,666
Security agreements	330,415	201,878
Cash on deposit with the Minister of Finance	6,869	6,038
Term deposit with the Minister of Finance	358,599	196,893
Real estate (Note II)	997,778	1,204,980
Other	22,208	100,185
	21,842,030	20,200,116
Expenditure:		
Administration, Schedule 1	7,239,987	4,046,758
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	22,425,795	19,844,096
Interest rate reduction program, Province of Manitoba	—	1,604,340
	22,425,795	21,448,436
Less:		
Amount assumed by the Province of Manitoba (Note 2 b)	7,823,752	4,993,762
	14,602,043	16,454,674
	21,842,030	20,501,432
EXCESS OF EXPENDITURE OVER REVENUE	$ —	$ 301,316

The accompanying notes are an integral part of these financial statements.

Exhibit C
The Manitoba Agricultural Credit Corporation
Part III of The Fisheries Act

Statement of Revenue and Expenditure

for the year ended March 31, 1985 (with 1984 figures for comparison)

	1985	1984
Revenue:		
Interest:		
Loans	$417,378	$385,696
Grant from the Province of Manitoba re: administration costs (Note 2b))	379,600	345,463
	796,978	731,159
Expenditure:		
Administration costs:		
Salaries	243,932	233,332
Audit Fees	6,780	6,620
Bad debts	63,763	103,405
Collection expenses	47	651
Corporation capital tax	170	170
Data processing	5,916	6,322
Employee benefits	14,496	11,532
Furniture and fixtures	1,839	106
Health and post secondary education tax levy	3,131	3,063
Miscellaneous	58	200
Postage	1,792	1,590
Rental of office premises	4,378	4,354
Stationery, supplies and equipment rentals	4,605	5,555
Telephone	8,012	7,754
Travelling	23,345	18,217
Workers compensation	1,126	971
	383,390	403,842
Financing charges, net:		
Interest on advances from the Province of Manitoba	413,588	327,317
	796,978	731,159
Excess of revenue over expenditure	$ —	$ —

The accompanying notes are an integral part of these financial statements.

Exhibit D
The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1985 (with 1984 figures for comparison)

	1985	1984
Receipts:		
Advances from the Province of Manitoba	$29,600,000	$32,250,000
Province of Manitoba — Interest reduction program (Note 10)	4,655,225	
Collections on account of mortgages, chattels and agreements for sale:		
Principal	11,123,836	11,498,976
Interest (Note 10)	18,160,133	15,092,881
Interest rate reduction program	—	1,604,340
Other charges	688,068	642,999
	29,972,037	28,839,196
Collections on accounts of promissory notes:		
Principal	435,880	423,598
Interest (Note 10)	349,597	408,297
	785,477	831,895
Collections on account of stocker program advances receivable:		
Principal	1,365,904	991,119
Interest	138,731	125,343
	1,504,635	1,116,462
Collections on account of security agreements receivable:		
Principal	7,441,107	3,504,870
Interest	292,095	97,195
	7,733,202	3,602,065
Collections on account of Manitoba Interest Rate Relief Program (Note 14)		
Principal	117,767	3,000
Interest	31,465	—
	149,232	3,000
Interest:		
On cash on deposit with the Minister of Finance	6,869	6,038
On term deposit with the Minister of Finance	358,599	196,893
	365,468	202,931
Carried forward	$74,765,276	$66,845,549

	1985	1984
Disbursements:		
Mortgages and agreements for sale	$27,987,357	$29,574,301
Promissory notes	74,827	15,874
Stocker program	2,147,180	1,208,506
Land and building, purchases	16,274	157,332
Security agreements	7,580,881	5,591,501
Sundry charges on account of mortgages	694,431	591,247
Taxes charged on land leasing	169,073	145,372
Young farmer rebates	2,218,312	2,102,682
Payments to farmers — Interest reduction program (Note 10)	2,954,678	—
Financing charges paid to the Province of Manitoba:		
Interest on advances and service charges, net	14,573,074	14,555,062
Interest rate reduction program	—	1,604,340
Payment of profit on real estate sales to the Province of Manitoba	—	298,475
Payment to Province of Manitoba of collections on account of Manitoba Interest Rate Relief program (Note 14)		
Principal	117,406	—
Interest	27,609	—
	145,015	—
Carried forward	$58,561,102	$55,844,692

	1985	1984
Receipts:		
Brought forward	$74,765,276	$66,845,549
Proceeds from term deposit	19,450,000	13,000,000
Proceeds from sale of real estate	1,341,574	108,259
Collections on account of land leasing	701,387	763,261
Collections on account of livestock incentive grants	14,593	7,013
Administration costs — Manitoba Interest Rate Relief Program (Note 14)	44,892	22,898
Miscellaneous	248,692	520,805
Trust account:		
Insurance claim proceeds	32,232	27,000
Real estate sales	—	18,219
	32,232	45,219
Total cash receipts	96,588,646	81,313,004
Cash on hand, in bank and on deposit with the Minister of Finance at beginning of year	2,007,973	2,545,114
	$98,606,619	$83,858,118

	1985	1984
Disbursements:		
Brought forward	$58,561,102	$55,844,692
Repayment of capital advances to the Province of Manitoba	14,210,908	10,448,016
Purchase of term deposits	19,450,000	13,000,000
Administration costs	3,361,114	2,409,515
Miscellaneous	138,024	71,347
Trust account:		
Other	32,232	76,575
	32,232	76,575
Total cash disbursements	95,753,380	81,850,145
Cash on hand, in bank, less overdraft, and on deposit with the Minister of Finance at end of year	2,853,239	2,007,973
	$98,606,619	$83,858,118

The accompanying notes are an integral part of these financial statements.

Exhibit E
The Manitoba Agricultural Credit Corporation
Part III of The Fisheries Act

Statement of Receipts and Disbursements

for the year ended March 31, 1985 (with 1984 figures for comparison)

	1985	1984
Receipts:		
Province of Manitoba:		
Advances	$ 200,000	$ 600,000
Grants re administration costs	379,600	345,463
	579,600	945,463
Collections on account of loans:		
Principal	2,684,214	1,864,261
Interest	418,874	357,189
	3,103,088	2,221,450
Proceeds from sale of chattels	3,500	—
Total cash receipts	3,686,188	3,166,913
Cash on deposit with the Minister of Finance at beginning of year	43,170	35,696
	$ 3,729,358	$ 3,202,609
Disbursements:		
Loans	$ 2,696,207	$ 2,524,798
Administration costs	318,649	307,324
Interest on advances from the Province of Manitoba	413,588	327,317
Total cash disbursements	3,428,444	3,159,439
Cash on deposit with the Minister of Finance at end of year	300,914	43,170
	$ 3,729,358	$ 3,202,609

The accompanying notes are an integral part of these financial statements.

Schedule 1
The Manitoba Agricultural Credit Corporation
The Agricultural Credit Corporation Act

Schedule of Administration Expenditure

for the year ended March 31, 1985 (with 1984 figures for comparison)

	1985	1984
Salaries	$1,415,930	$1,422,977
Advertising	30,801	22,365
Audit fees	27,120	26,480
Bad debts (Notes 2c) and 7):		
— promissory notes	285,751	399,327
— mortgages, chattels and agreements for sale	2,932,048	1,130,785
— stocker program	39,265	75,849
— land lease program	209,893	87,873
— security agreements	5,188	—
Collection expenses	6,011	4,765
Corporation capital tax	15,606	17,856
Data processing	42,332	43,526
Directors' fees and expenses	24,301	28,216
Ear tags	5,093	3,200
Employee benefits	111,721	88,693
Guaranteed loan losses	1,640,476	266,590
Insurance	858	3,794
Health and post secondary education tax levy	21,553	22,406
Messenger service	5,563	5,435
Miscellaneous	2,449	1,397
Office furniture and equipment	35,084	24,605
Office rental, cleaning, light and power	75,538	75,211
Postage	25,273	23,387
Professional fees	3,600	40,027
Property taxes	71,714	51,216
Real estate maintenance	7,260	11,183
Relocation expenses	8,036	3,641
Stationery, office supplies and equipment rental	44,840	53,132
Telephone	26,705	31,147
Travelling	111,910	74,613
Workers compensation	8,068	7,062
Total administration expenditure, Exhibit B	$7,239,987	$4,046,758

The accompanying notes are an integral part of these financial statements.

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements

for the year ended March 31, 1985

1. The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

   The Corporation carries out the following programs:

   i) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

   ii) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

   and the Corporation accounts for each of these programs separately.

2. Significant accounting policies of the Corporation are as follows:

   a) The Corporation operates on the accrual basis of accounting except for the following:

      i) Equipment and office furniture are charged to operations in the year of acquisition.

      ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired together with land purchased for the land leasing operations.

      iii) In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Corporation's employees amounted to $1,224,145 at December 31, 1984 (1983 — $1,080,045).

   b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province from its appropriations.

   c) Allowances for doubtful accounts

      The allowances relate to loans and accounts receivable and represent an estimate of probable losses on the accounts outstanding at year end as shown in note 7. Actual losses on loans and accounts receivable are charged to the appropriate allowance when written off by Board resolution. The adjustment of the allowances to the required level is charged to administration expenditure as bad debts.

3. Stocker program advances receivable consisted of the following at March 31:

	1985	1984
Renewable interest bearing advances, 18 month term	$1,757,356	$1,010,214
Interest free advances, 12-month term, discontinued in 1975-76	19,051	24,843
Interest bearing advances under programs discontinued in 1974-75	12,179	71,362
Accrued interest	66,888	1,991
	1,855,474	1,108,410
Less: allowance for doubtful accounts	172,371	187,549
	$1,683,103	$ 920,861

Notes to the Financial Statements

for the year ended March 31, 1985

4. A summary of mortgages, chattels and agreements receivable by years in which the instalments become due and payable is as follows:

Receivable Within:	1985	1984
1 year		
Accrued interest	$ 11,673,041	$ 10,075,369
Arrears	5,973,973	5,601,508
Prepayments	(4,807,439)	(4,394,761)
Regular instalments	4,669,240	4,165,368
	17,508,815	15,447,484
2 years — regular instalments	4,983,084	4,355,539
3 years — regular instalments	5,376,034	4,638,517
4 years — regular instalments	5,386,287	4,951,978
5 years — regular instalments	5,491,408	4,830,976
Over 5 years — regular instalments	160,837,285	148,515,147
	199,582,913	182,739,641
Less: allowance for doubtful accounts	3,844,241	1,450,058
	$195,738,672	$181,289,583

5. Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. Since 1976, those loans, which have been made for the purchase of livestock and equipment, have been secured by means of lien notes on the said livestock and equipment. Other loans under this program are unsecured. This program was terminated in December 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

Receivable Within:	1985	1984
1 year		
Accrued interest	$ 173,339	$ 208,030
Arrears	856,117	942,784
Prepayments	(87,450)	(133,921)
Regular instalments	344,127	494,233
	1,286,133	1,511,126
2 years — regular instalments	275,605	368,643
3 years — regular instalments	189,589	306,351
4 years — regular instalments	141,658	210,627
5 years — regular instalments	101,533	150,320
Over 5 years — regular instalments	412,242	539,624
	2,406,760	3,086,691
Less: allowance for doubtful accounts	948,490	884,318
	$1,458,270	$2,202,373

Notes to the Financial Statements

for the year ended March 31, 1985

6. Security agreements receivable consist of advances made to farmers who are registered with the Manitoba Beef Commission and total $3,429,322 less the allowance for doubtful accounts of $5,188. These advances are mainly repayable to the Corporation within fourteen months of disbursement.

   At March 31, 1985, accrued interest of $144,083 (1984 — $111,283) and arrears of $311,516 (1984 — $280,469) are included in the total security agreements receivable.

7. Asset account balances are shown net of the following allowances for doubtful accounts (Note 2c)):

Asset	Allowance March 31/84	Adjustment Required 1984/85	Accounts Written-Off 1984/85	Required Allowance March 31/85
a) The Agricultural Credit Corporation Act				
Accounts receivable — rent	$ 251,873	$ 209,893	$106,992	$ 354,774
Stocker program	187,549	39,265	54,443	172,371
Mortgages, chattels and agreements	1,450,058	2,932,048	537,865	3,844,241
Promissory notes	884,318	285,751	221,579	948,490
Security agreements	—	5,188	—	5,188
b) Part III — The Fisheries Act				
Loans receivable	240,102	63,763	23,642	280,223

8. Real estate consists of purchases for the land lease program, at cost, and foreclosures, at the lower of the foreclosed amounts or appraised values. Approximately 95% of this real estate has been leased, most of which is subject to an option to purchase.

9. The advances from the Province of Manitoba consisted of the following at March 31:

	1985	1984
a) The Agricultural Credit Corporation Act:		
Advances repayable in equal annual blended principal and interest installments: rates range from 7.5% to 14.75%	$188,855,884	$173,466,792
Advances repayable at maturity:		
9.625% due May 1, 1989	10,000,000	10,000,000
12.74% due March 3, 2000	8,850,000	8,850,000
	$207,705,884	$192,316,792

Maturities of principal by fiscal year are as follows:

1985	$ —	$ 4,331,495
1986	8,025,570	4,760,800
1987	8,904,654	5,235,685
1988	6,161,879	5,761,308
1989	6,430,326	5,985,080
1990	16,802,761	16,308,250
1991 through 2015	161,380,694	149,934,174
	$207,705,884	$192,316,792

b) Part III of The Fisheries Act:

Advances repayable on demand, interest payable at prime rates	$3,500,000	$ 3,300,000

10. The Province of Manitoba provided $4,655,225 for the 1984-85 interest reduction program. Of this amount, $2,954,678 was paid directly by the Corporation to farmers. The balance of $1,700,547 was retained by the Corporation and credited to client accounts in arrears.

11. During the year ended March 31, 1985, the Corporation sold eight of its properties. The results were as follows:

	Number of Sales	Sales Proceeds	Cost	Gain
Sales to Lessees:				
Outside Financing	4	$436,195	$311,640	$124,555
Corporation Financing	4	274,756	150,064	124,692
	8	$710,951	$461,704	$249,247

The gains of $249,247 on sales to lessees resulted from adjustments on the exercise of purchase options by lessees of the previously charged lease rates to the lending rates in effect at the date of the lease.

The total gain of $249,247 (1984 — $490,076) has been included in real estate revenue of $997,778 (1984 — $1,204,980).

12. Funds approved but not disbursed as at March 31 amounted to:

	1985	1984
a) The Agricultural Credit Corporation Act:		
Direct loans	$6,355,900	$ 8,897,500
Corporate loans	593,100	339,300
Stocker program	793,500	584,700
Land lease program	5,500	3,800
Crown land loans	47,700	94,900
Security agreements	416,000	217,200
	$8,211,700	$10,137,400

The Corporate loans amount includes $279,000 which represents performance bond guarantees to agricultural marketing agencies.

b) Part III of The Fisheries Act:		
Direct loans	$ 326,000	$ 249,700

13. At March 31, 1985, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation is liable under its guarantee for losses sustained by the lending agencies on loans to individual farmers but the amount of liability to any one agency cannot exceed 10% of the total guaranteed loans made by the agency during a guarantee period. The last of these guarantees was given during the 1983-84 fiscal year. At March 31, the Corporation's contingent liability on the basis of 10% of loans made by agencies during the previous guarantee periods was:

	1985	1984
For the thirty-nine month guarantee period ended March 31, 1981	$ 87,931	$ 87,931
For the three year period ended March 31, 1984	127,790	385,151
	$215,721	$473,082

b) The Corporation also fully guarantees loans to individuals for the purpose of farming. The last of these guarantees was given during the 1982-83 fiscal year. At March 31, 1985, these guaranteed loans amounted to $1,272,296 (1984 — $1,408,929).

c) Effective April 1, 1983, a Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12-1/2% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1985 the Corporation's contingent liability amounted to $4,299,685 (1984 — $3,107,213).

14. The Corporation administers the agricultural portion of the Manitoba Interest Rate Relief Program for the Province of Manitoba. The Province has provided grants and deferred recoverable advances to farmers under this program which was initiated during the 1982-83 year. The Corporation monitors compliance with the conditions of the program, collects amounts due and remits them to the Province.